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**MEMORANDUM FOR: Deputy Director of Central Intelligence**

**SUBJECT: Agency Views - Automatic Data Processing  
Legislation**

1. This memorandum contains a recommendation for your approval. The recommendation is stated in paragraph 12.
2. The Federal Property and Administrative Services Act of 1949 provides that none of its provisions shall impair the authorities of the Central Intelligence Agency. H.R. 4845 proposes to revoke that provision with respect to ADP equipment.
3. H.R. 4845 sets up the Administrator of GSA as the central manager of ADP equipment for Federal agencies and their contractors, to the extent that contractor equipment is carried at the expense of the Government. The Administrator is directed and provided with the authority to purchase, lease, and maintain ADP equipment, and to provide for joint use of equipment and facilities. The Administrator can delegate these authorities to heads of agencies under various circumstances, including for reasons of national defense or national security. Agencies can appeal the Administrator's determinations to BOB.
4. Congressman Brooks, who introduced H.R. 4845 and succeeded in obtaining House passage of similar legislation during the 88th Congress, will chair the Government Activities Subcommittee, which will consider the bill on 30 March 1965. Members of the Subcommittee are: Congressmen William S. Moorhead (D., Pa.), David S. King (D., Utah), Dante B. Fascell (D., Fla.), Ogden Reid (R., N.Y.), and Edward J. Gurney (R., Fla.)

5. The Bureau of the Budget submitted its views on the bill to Chairman Dawson of the full committee on 18 March 1965. Our views have not been solicited by either BOB or the Committee.

6. A brief summary of what transpired on similar legislation during the 88th Congress is helpful in understanding the present situation. First, the Brooks' Subcommittee held only one day of hearings. Only GSA and GAO, both strong supporters of the bill, testified. Almost all Federal agencies took strong exception to that part of the bill which vested almost complete management authority over ADP equipment in GSA. Second, while the bill passed the House, the floor debate was bitter; and one amendment to somewhat dilute GSA's authority was accepted. Third, Senator McClellan, Chairman of the Permanent Subcommittee on Investigations, took note of this furor and decided not to act on the bill until a Presidential task force, which was reporting on the problem, submitted its report.

7. The Presidential task force study, the so-called Clewlow Report, was submitted to the Senate and the House on 2 March 1965. While agreeing with H. R. 4845 in part, the Clewlow Report rejects those provisions which propose a change of the management structure over ADP and recommends that heads of agencies retain their present responsibilities and authorities, subject to BOB coordination and management improvement programs.

8. The conflict between H. R. 4845 and the BOB prepared Clewlow Report has been played down in the concluding sentence of BOB's report to Chairman Dawson of the full committee as follows: --"The Bureau of the Budget recommends that your Committee give favorable consideration to H. R. 4845."

9. A DOD report on H. R. 4845 to Chairman Dawson was permitted to clear BOB. Secretary Vance recommended that many of the GSA's authorities and responsibilities be changed from a mandatory to a permissive nature and proposed an amendment which would provide the head of a Federal agency with the authority to determine when ADP should be excluded from the centralized management provisions of the bill for reasons of national defense or national security. Under this amendment, we believe that the DCI could make such a determination and exclude all Agency ADP equipment including that used by Agency contractors at the expense of the Government.

10. Agency ADP is inextricably involved in intelligence and Agency organization. To the extent that H.R. 4845 directs and authorizes the Administrator to make determinations regarding the Agency's ADP program, it dilutes the DCI's responsibility, established by law in the National Security and CIA Acts, to protect intelligence sources and methods and Agency organization. Although Mr. Houston was advised last year by GSA that they would delegate the Administrator's authority to CIA, and would coordinate their regulation with us on this delegation, the fact still remains that such action is permissive in nature and can be changed.

11. All Deputy Directorates agree that the knowledge required by the Administrator of GSA to carry out his responsibilities over Agency ADP equipment under H.R. 4845 would necessitate across-the-board disclosure of intelligence sources and methods, and organization. Further, his involvement could seriously impair our ability to rapidly react to critical requirements. The OCS/DDS&T is presently pulling together examples of ADP use in the Agency which could be used if we are called upon to externally support our position.

12. It is recommended that you approve the release of the attached letter requesting BOB clearance of our report on H.R. 4845 to Chairman Dawson, which basically recommends adoption of DOD's suggested changes in the bill.

SIGNED

JOHN S. WARNER  
Legislative Counsel

Attachment

Distribution:

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27 MAR 1968

Honorable William L. Dawson  
Chairman, Committee on  
Government Operations  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

We wish to submit the views of this Agency on H.R. 4845, 89th Congress, a bill "To provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies."

As is the case with many other agencies, the Central Intelligence Agency regards automatic data processing equipment as an invaluable and indispensable aid in the performance of its responsibilities. Such equipment has enhanced our capability to coordinate, correlate, and evaluate the vital and complicated security data and intelligence information which we are receiving in ever-increasing quantities.

CIA uses both specialized and general commercial equipment in its automatic data processing program. In both cases, however, utilization is inextricably involved in the security responsibilities of the Director of Central Intelligence.

The security responsibilities of the Director of Central Intelligence are imposed by the provisions of the National Security Act of 1947, as amended, and the Central Intelligence Act of 1949, as amended. These respectively provide:

(a) "That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;"

(b) "Section 6. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947 (Public Law 253, Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 795 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U.S.C. 654), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency: Provided, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under section 607, Title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U.S.C. 947 (b) )."

We have reviewed very carefully the views of the Department of Defense on H.R. 4845 in their letter to you dated 18 March 1965. We support their suggestions for amendments as set forth on page 4 of the letter. We also support the suggested amendment which appears later in the letter which recommends incorporating, on page 2, line 16 of the bill, the following provision:

"This section shall not be construed to apply to specially designed automatic data processing equipment for scientific, military or cryptologic uses and the head of a federal agency is authorized to determine when any automatic data processing equipment should be excluded from the provisions of this section for reasons of national defense or national security."

We believe that in order to make very clear that equipment used for intelligence programs would not be contemplated as coming within the purview of the proposed law, the word "intelligence," offset by commas, should be inserted after the word "scientific." With this change, we fully endorse this amendment.

In reviewing the hearings and the floor discussion on H.R. 5171, a similar bill introduced in the 88th Congress, we find numerous references where intelligence and classified activities were used as examples of the type of activities the Administrator would or should exempt from the provisions of the proposed law. H.R. 4845 provides the Administrator with similar authority to grant exemptions from the full scope of the bill.

Nevertheless, we believe that it is extremely important that any law on this subject be clearly worded so that there is no dilution of the authority and responsibility of agency heads, who, by law, are charged with protecting the national security. For this reason, we would appreciate your favorable consideration of our suggestions.

We will be happy to provide any additional information that your Committee may request. The Bureau of the Budget advised that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Faithfully yours,

SIGNED

Marshall S. Carter  
Lieutenant General, USA  
Deputy Director